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EVALUATION OF THE AUTHORITIES AND PROGRAMS

OF THE

ECONOMIC DEVELOPMENT ADMINISTRATION

ASSESSMENT BY A NATIONWIDE SAMPLE OF LOCAL, PRIVATE, AND PUBLIC SECTOR LEADERS

(Evaluation conducted by the Subcommittee on Economic Development of the Committee on Public Works and Transportation)

APRIL 1982

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LETTER OF TRANSMITTAL

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., April 19, 1982.

Hon. JAMES J. HOWARD,
Chairman, Committee on Public Works and Transportation, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: I am pleased to transmit herewith a study prepared by the Subcommittee on Economic Development entitled "Evaluation of the Authorities and Programs of the Economic Development Administration."

As part of our deliberations regarding the future of EDA, the Subcommittee asked a national sample of 773 private and public sector leaders to judge the effectiveness of EDA programs. Of these, 429 persons responded, providing a comprehensive analysis of the Agency's strengths and weaknesses. The study concludes that EDA has been an effective job-producing program whose continuation is favored by over 90 percent of the respondents.

I wish to express my appreciation to the private and public sector leaders from all over America who participated in the effort. They have provided a most valuable input to deliberations which will take place in our Committee and other forums in the Congress as we consider the future of our Nation's economic development programs. In addition, I want to thank the House Administration Committee for the valuable assistance provided by the House Information Systems.

Sincerely,

JAMES L. OBERSTAR,
Chairman, Subcommittee on Economic Development.

FOREWORD

For the past 20 years, the Public Works and Transportation Committee has been a leader in developing economic and regional development programs to assist local communities to tackle economic problems and to promote national prosperity. There are countless examples that attest to the success of the programs of the Economic Development Administration created by the Public Works and Economic Development Act. However, the key to continued effectiveness and improvement rests in constant evaluation and legislative changes to insure that programs are in tune with the current economic climate. It is in this vein, that the Subcommittee on Economic Development conducted a detailed survey to obtain the critical comments of the people who are more familiar with economic development activities.

This outreach effort is valuable to the Congress in shaping a strengthened and improved economic development program that is responsive to local needs.

I compliment the Economic Development Subcommittee for conducting this survey as an extension of the Committee's review and oversight responsibilities.

The observations, suggestions, and recommendations obtained through this survey, as reflected in this Committee print, will be an important guideline to the Committee and the Congress as it considers extending current economic development policies and defining new approaches to promote private development, stimulate national economic recovery and expand employment opportunities.

JAMES J. HOWARD,
Chairman,
Committee on Public Works and Transportation.

HIGHLIGHTS

Background

In recognition of the extreme distress of certain areas, Congress has created special programs to stimulate and accelerate their economic development. During the past two decades, one of the most substantial efforts in this category has been implemented by the Economic Development Administration (EDA), whose mission is to promote development in all regions of the country experiencing economic distress. Since its creation in 1965, EDA has expended over $8 billion for this and related purposes.

Congress is now considering the future of EDA, since its legislation expires on September 30, 1982. To assist in its deliberations, the Subcommittee on Economic Development of the House Committee on Public Works and Transportation asked a national sample of 773 private and public sector leaders to judge the past effectiveness of EDA programs and their future relevance. Of these, 429 persons responded, resulting in a survey participation rate of 55.5%.

Findings and Conclusions

- Local private and public sector leaders from areas throughout the country believe that EDA has been an effective job producing agency, which has played a significant role in local economic development since its inception. By expressing this belief, they appear to agree with the results of more rigorous evaluations which show that EDA has created hundreds of thousands of jobs paying higher than average wages for the residents of distressed areas, stimulated the establishment of numerous economic development institutions, and generated local level strategies outlining economic needs, objectives and projects in communities with no history of formal economic development efforts.

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- Continuance of the EDA program is favored by over 90% of public and private sector leaders participating in this study.

- The view of the leaders is that the cornerstone of future EDA programs should be public works and planning assistance. Revolving loan funds are also considered to be important development tools and should be provided for in the Agency's legislation.

- The EDA business loan and guarantee program, which has received substantial funding authority in the past, was not as highly rated as the other major EDA tools by private and public sector leaders. Its future role should, therefore, be examined critically by the Congress.

- Although technical assistance is viewed as having been an effective economic development tool in the past, it is not deemed as critical for the future as are public works, planning grants and revolving loan funds. Better dissemination of results of national technical assistance projects could increase this tool's usefulness to local developers in the future.

- EDA should continue to be charged with responding to short-term economic dislocations as well as long-term conditions of unemployment and underemployment.

- If Congress decides to continue EDA's research program, steps should be taken to make its contributions more valuable to those engaged in local development efforts. In this regard, research projects should be designed so that they are more closely related to other EDA programs, and research results should be disseminated to local economic development groups.

- Although local leaders believe EDA processes projects expeditiously, their responses indicated that an effort should be made to simplify EDA application procedures. In this regard, EDA's Title IX program could serve as a model for other Agency programs.

- EDA's programs could benefit by expanded State involvement. State governments should play an increased role in helping local areas determine their needs and priorities.

I. INTRODUCTION

The growth and increasing prosperity enjoyed by this nation for most of the last three decades have not been shared by all areas or all citizens. Residents of some parts of both rural and urban America number among those who have profited only marginally from the country's economic progress. In fact, every region of the United States continues to house pockets of poverty, where city and rural dwellers struggle to eke out a living, and the opportunities and conveniences taken for granted by most Americans are virtually unknown. During economic downturns such as that being experienced now, these areas and their residents suffer even greater deprivation and hardship.

Balanced national growth is necessary to improve living conditions in these depressed areas with the goal of breaking the cycle of deterioration. Unless the economic growth that occurs during the 1980's is channeled to insure that economic development occurs in severely depressed areas, out migration of the "fittest" will continue, and those left behind will continue to be trapped in the poverty cycle.

Most of the programs administered by the Federal Government have some impact on economic development. However, in recognition of the extreme needs of certain areas, Congress—sometimes at the behest of the Executive Branch—has created special programs to stimulate and accelerate their economic development. During the past two decades, one of the most substantial efforts in this category has been carried out

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by the Economic Development Administration (EDA), whose mission is to promote development in all regions of the country experiencing economic distress. Since its creation in August 1965, EDA has expended over $8 billion to accomplish this and related purposes.

To equip EDA to accomplish its mission, Congress has furnished the Agency with a unique mix of program tools. Public works grants are available for developing a depressed area's infrastructure; business development loans and loan guarantees can be made to aid private industries that locate or expand in a distressed community; and technical assistance can be furnished to public or private groups working in the field of economic development. In addition, EDA has funds to respond to sudden economic dislocations as well as to support State and local planning activities and research related to economic development.

Congress is now considering the future of EDA, since its legislation expires on September 30, 1982. In addressing this issue, Members have the benefit of the judgment of the Reagan Administration that EDA's programs have been ineffective and should be terminated, as well as the results of numerous formal program evaluations carried out over the years by EDA staff and outside contractors. Although these evaluations have concluded that some programs are more effective than others and have identified many possible improvements, they have also documented the programs' substantial impacts. These include the creation of hundreds of thousands of jobs paying higher than average wages for the residents of distressed areas, and the birth of numerous economic development institutions throughout the country as a result of EDA influence and encouragement. In addition, the evaluations report that Agency activities have

stimulated local level strategies outlining economic needs, objectives and projects in communities with no history of formal economic development efforts.

To supplement these and other sources of information and guide it in its review and deliberation process, the Subcommittee on Economic Development of the House Committee on Public Works and Transportation asked a wide range of private and public sector leaders who have participated in designing and implementing local economic development activities to judge the effectiveness of EDA programs. The individuals contacted were all Chairpersons of Overall Economic Development Program (OEDP) Committees, which are groups of local leaders established at city, county and multicounty levels, as well as in Indian communities, to identify economic development needs and priorities and formulate programs to address them. The Subcommittee queried 773 such individuals in December 1981 using the questionnaire presented in Appendix A. Of these, 429 persons responded, resulting in a survey participation rate of 55.5%. The remainder of this report describes the structure of this evaluation of EDA by a nationwide sample of private and public sector leaders, as well as its results and policy implications.

II. EVALUATION APPROACH

Evaluation of the effects of any activity can take many forms and often involves complicated research designs as well as lengthy implementation processes. This evaluation, however, does not employ a complex analytic framework or procedures, because numerous studies of those types have been undertaken by EDA itself during its 17-year history. Rather, this effort was structured to provide local private and public sector leaders an opportunity to offer their viewpoints about the effectiveness of EDA activities and provide their assessments of the proper future role, if any, for this Federal agency. As presented in Appendix A, the data collection instrument used to implement the evaluation was divided into three categories. These were:

- Overview Questions

  This section of the instrument allowed private and public sector leaders to comment on issues ranging from the effectiveness of EDA in comparison with State agencies to the amount of red tape associated with participating in EDA programs. It is the least analytic portion of the evaluation but is considered important because it allowed private and public sector leaders involved with development efforts to comment on assertions—by the Reagan Administration and others who advocate the agency's termination—that EDA is ineffective and has an outdated approach to promoting local economic development.

- Program Assessment

  In this section, a rating method was employed by respondents to score each program tool (e.g., public works, planning grants, etc.), as well as EDA's overall effectiveness as a job creating agency, its application processing procedures, its effectiveness in urban job creation and a variety of other practices. Each respondent was also asked to provide evaluative data about a typical local project funded by EDA using criteria such as job impact and wage levels of jobs created.

- Future Needs

  Here, the question of EDA's appropriate role in the 1980's was addressed, with each program tool judged as being worthy or unworthy of continuation. A priority rating method was utilized to quantitatively score program tools deemed appropriate for continuance. In addition, a narrative section allowed private and public sector leaders to expand upon their views about the types of economic development programs most important in the 1980's and the types of areas which should be eligible for Federal assistance.

The responses to the survey have been analyzed using straightforward cross tabulation methods, and the results are presented on the following pages. Since the number of respondents was in excess of 400 and the survey participation rate exceeded 50 percent, the tabulations are quite reliable, although subject to normal survey sampling errors. Because of this possibility of sampling error, interpretation of the data is not made in cases where an issue or program is favored or objected to by a small margin (i.e., only clear trends in the assessment results are highlighted).

III. EVALUATION RESULTS

A. Overview Questions

The overview analysis was structured to include five hypotheses. Each is presented separately below with percentage tabulations of responses provided for the following categories:

- All respondents;
- Respondents located in rural areas;
- Respondents located in urban areas; and
- Respondents located in Indian communities.

1. Hypothesis 1: EDA is a "pork barrel" Federal agency whose programs generate little or no job impact that would not otherwise occur at the local level.

a. Reaction of Private and Public Sector Leaders

Respondent / Reaction	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
% Indicating Hypothesis Is True	4%	4%	4%	7%
% Indicating Hypothesis Is False	96%	96%	96%	93%

b. Conclusion

Clearly, the perception of almost all private and public sector leaders surveyed is that EDA is not a pork barrel agency and that the jobs its assistance generates would not have materialized in the absence of EDA aid. This "local" consensus contradicts the contention of Washington-based analysts in the Office of Management and Budget (OMB).

2. Hypothesis 2: EDA's programs could be better handled by individual State agencies through block grant programs.

a. Reaction of Private and Public Sector Leaders

Reaction \ Respondent	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
% Indicating Hypothesis Is True	22%	21%	33%	14%
% Indicating Hypothesis Is False	78%	79%	67%	86%

b. Conclusion

Although the overwhelming majority of respondents do not believe that State block grant programs would be better than EDA's current approach, a significant number of urban respondents indicated interest in a State block grant approach. An increased State role is also called for in a number of the narrative responses in the "Future Needs" section of the questionnaire. These responses suggest that increased State involvement in future EDA programs should be considered as future legislation is developed.

3. Hypothesis 3: There is a tremendous amount of red tape associated with participating in EDA's programs which State programs would not have.

A. Reaction of Private and Public Sector Leaders

Reaction \ Respondent	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
% Indicating Hypothesis Is True	24%	22%	33%	17%
% Indicating Hypothesis Is False	76%	78%	67%	83%

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b. Conclusion

Respondents in general do not believe that there is a tremendous amount of red tape associated with EDA which State programs would not have. However, there is concern about red tape, particularly among urban respondents. This concern is amplified in the narrative section of some of the returned questionnaires and suggests that future EDA programs should, if possible, involve a simplified application process.

4. Hypothesis 4: EDA, through its regional offices and local Economic Development Representatives (EDR's) has played a significant role in local economic development since its inception in 1965.

a. Reaction of Private and Public Sector Leaders

Respondent / Reaction	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
% Indicating Hypothesis Is True	89%	90%	83%	89%
% Indicating Hypothesis Is False	11%	10%	17%	11%

b. Conclusion

There is unanimous agreement among all groups that EDA regional and local staff have played a significant role in local economic development since the Agency's inception. This consensus indicates that consideration should be given to addressing the Agency's administrative structure in future legislation to assure continuation of what is viewed as an effective system.

5. Hypothesis 5: EDA is an effective job producing Agency whose programs continue to be of high priority to rural and urban areas and should be maintained during the 1980's.

a. Reaction of Private and Public Sector Leaders

Respondent / Reaction	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
% Indicating Hypothesis Is True	91%	91%	87%	93%
% Indicating Hypothesis Is False	9%	9%	13%	7%

b. Conclusion

There is strong support among all private and public sector leaders for continuance of the EDA program during the 1980's. The agency is considered to be effective and its programs continue to be of high priority to both rural and urban areas.

B. Program Assessment

1. Assessment of Programs and Practices

This section of the questionnaire allowed respondents to quantitatively rate various EDA programs and practices. The rating scale was comparable to an academic A to F System with the categories defined as follows:

A—Extremely effective, highest rating
B—Quite effective, very satisfactory
C—Satisfactory
D—Needs improvement, less than satisfactory
F—Unsatisfactory

The analysis methodology involved scoring A as 4.0 and F as 0.0 in order to compute average ratings, an approach used by many universities to

reflect student performance. In addition, the mode (or most frequent rating) was calculated. The results are presented below. In the case of an entity such as "2.9/B," 2.9 is the average rating and B is the most frequent, or modal, response.

a. Average and Modal Ratings of EDA Programs and Practices

Program or Practice \ Respondent	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
EDA Effectiveness as a Job Creating Program	2.9/B	3.0/B	2.7/B	2.7/B
EDA Effectiveness in Providing Jobs in Urban Areas	2.7/B	NA *	2.7/B	NA *
EDA Effectiveness in Providing Jobs in Rural Areas	2.8/B	2.9/B	NA *	2.7/A
EDA's Public Works Program	3.2/A	3.2/A	3.2/A	3.3/A
EDA's Business Loan Program	2.4/B	2.4/C	2.4/B	2.3/B
EDA's Planning Grant Program	3.3/A	3.3/A	2.8/A	3.4/A
EDA's Technical Assistance Activities	2.7/B	2.7/B	2.7/B	2.6/A
EDA's Revolving Loan Fund Program	2.7/A	2.9/A	2.9/A	2.4/C
EDA's Research Program	2.0/C	2.1/B	1.8/C	2.6/C
The effectiveness of EDA's Local Economic Development Representatives (EDR's) in helping to plan and develop local projects	2.7/A	2.8/A	2.5/B	2.4/A
EDA's Preapplication Process	2.4/C	2.5/C	2.4/B	2.3/C
EDA's Application Processing and Complexity of Required Forms	2.0/C	1.4/C	2.1/C	1.9/C
EDA's effectiveness in dealing with sudden economic dislocation (e.g., defense base closings, plant shutdowns, etc.)	2.4/B	2.5/B	2.5/B	2.0/B

* NA—not applicable because of a significant number of "non-responses."

b. Conclusion

In general, the public and private sector respondents expressed considerable satisfaction with the range of EDA program tools. The tools assessed as being most effective were public works and planning assistance. The least effective tools were business loans and research. In the case of research, this is not surprising, for it has had little relationship to other Agency programs and little local impact. It should also be noted that the ratings are supportive of the Reagan Administration's New Federalism concept, in that those forms of assistance that gave jurisdictions more control over their own destinies, such as grants to local planning organizations and the services of local Economic Development Representatives (EDR's) were rated highly. A lack of satisfaction with both the EDA preapplication and final application processes suggests that future legislation should address this issue. A multi-project application procedure such as that utilized under EDA's Title IX program could provide a model in this regard.

2. Assessment of Typical Project Funded by EDA

Respondents were asked to rate the job impact and the wage level of jobs associated with a typical project which had been funded by EDA with the intention of creating or saving jobs in their local area. In addition, the effectiveness of EDA staff in helping to develop, as well as process, the project was rated.

a. Job Impact

Rating \ Respondent	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
Negligible	1%	1%	0%	5%
Less than expected	7%	5%	9%	15%
As expected and comparable to similar projects funded by other sources	44%	43%	58%	40%
Greater than expected and more substantial than similar projects funded by other sources	48%	50%	33%	40%

b. Wage Level of Jobs Associated with Typical EDA Project

Rating \ Respondent	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
Jobs Paid Less Than Average Wage in Local Areas	5%	3%	11%	8%
Jobs Paid Average Wage in Area	62%	61%	64%	77%
Jobs Paid Higher Than Average Wage in Area	33%	36%	25%	15%

c. Effectiveness of EDA in Project Development and Processing

Question \ Respondent	All Respondents		Rural Respondents		Urban Respondents		Indian Respondents	
	Yes	No	Yes	No	Yes	No	Yes	No
Did EDA Staff Play Needed Role in Project Development?	91%	9%	91%	9%	88%	12%	88%	12%
Was Project Processed in Reasonable Amount of Time?	87%	13%	88%	12%	83%	17%	92%	8%

d. Conclusion

As depicted in Section a, the greatest number of respondents (48%) indicated that the job impact of a typical EDA project funded in their area was "greater than expected and more substantial than similar projects funded by other sources." Thus, it can be concluded that a significant percentage of key local private and public sector leaders associate EDA projects with high job impact. It should be noted, however, that 15% of Indian respondents felt that typical projects had produced less job impact than expected. This perception is consistent with other evaluations of EDA's assistance to Indians, which have concluded that the Agency's efforts to help Indians overcome the formidable obstacles to economic development have succeeded less frequently than its aid to other entities. With regard to the wage levels of jobs created by EDA projects, those participating in the survey again viewed the Agency's record as enviable. Fully 95% of all respondents indicated that the jobs created by a typical project paid higher than average or average wages, with one-third of respondents indicating that the wages were higher than average. As indicated in Section c, EDA staff's performance in project development and processing was also highly rated by the full sample of respondents. However, the speed of project processing was rated as being too slow by over one-sixth of urban respondents. In general, it can be concluded that EDA's project selection approach is extremely effective in terms of job and income impact and that Agency staff develop and process projects in a competent fashion.

C. Future Needs

1. Assessment of EDA Program Tools

In this segment of the evaluation, various EDA program tools were rated by local private and public sector leaders as either being worthy or unworthy of continuation in the 1980's, with priority ratings being assigned to each tool as follows:

A—Top priority, crucial to local area needs

B—High priority

C—Medium priority

D—Low priority

Respondents were instructed not to assign an A priority to more than three programs and also given an opportunity to indicate what programs should not be continued into the 1980's. The results of the assessment of EDA's appropriate future role are tabulated and analyzed below. As was the case in the ratings of past programs and practices, a 0.0 to 4.0 rating system was employed with A equaling a 4.0 rating, B equaling a 3.0, C a 2.0, D a 1.0 and a no continuation (NC) rating equaling 0.0. Average and modal (most frequent) scores are presented as they were in Section B on Program Assessment.

a. Assessment of Future Need for Individual EDA Program Tools: Average and Modal Ratings of Respondents

Program Tool \ Respondent	All Respondents	Rural Respondents	Urban Respondents	Indian Respondents
Public Works	3.5/A	3.4/A	3.6/A	3.6/A
Revolving Loan Funds	2.7/B	2.8/B	2.9/A	2.3/B
Planning Assistance	3.2/A	3.2/A	2.7/A	3.6/A
Technical Assistance	2.3/B	2.2/B	2.5/B	2.5/B
Research	1.2/NC*	1.1/NC*	1.5/C	1.3/D
Business Loans	2.5/B	2.5/B	2.7/B	2.7/B
Loan Guarantees	2.5/B	2.5/B	2.8/A	2.6/B

*NC means the modal (or most frequent) rating for research was that the program not be continued in the 1980's.

b. Conclusion

Public works and planning assistance, which received the highest ratings for past performance, also are viewed as the top priority for the 1980's, with revolving loan funds additionally identified as being of great importance to urban and rural areas. Business loans and guarantees are of lower priority overall but urban areas consider them to be a needed tool and rate them highly. Technical assistance falls approximately into the same level of priority as business loans and guarantees, but research is not given passing grades. If research is to be included in future EDA legislation, consideration should be given to relating it more closely to other program tools and disseminating its

results to local areas so that they, as well as the national research community, benefit directly from its findings. A formal set-aside of funds to develop and implement a research dissemination and local utilization program could serve to improve its impact and ratings by private and public sector leaders in the future.

2. Narrative Comments

A large number of respondents submitted narrative comments about the appropriate EDA role in the 1980's in the portion of the questionnaire set aside for that purpose. A statistical analysis of these comments is, of course, not possible, but Appendix B includes a representative set of excerpts from the narratives.

IV. POLICY IMPLICATIONS

As is the case with any evaluation study, some policy questions were consciously addressed and others naturally arose as a result of this effort. These concerned broad issues such as whether, in the opinion of a nationwide sample of private and public sector leaders, EDA had operated effectively during its 17-year tenure and should be continued in the 1980's. Narrower issues ranging from whether EDA had created jobs paying higher than average local wages to whether an excessive amount of red tape was associated with the EDA application process were also considered. Other implications for future policy emerged from such survey results as those comparing the relative efficacy of EDA's various program tools. Some of these issues and implications have been touched in the "Conclusion" sections on the preceding pages. These and others are discussed very briefly below with selected recommendations also presented. It is intended that these be considered in conjunction with additional information on EDA and other economic development programs—including the numerous evaluations of EDA activities carried out by Agency staff and private contractors.

The major broad policy implication resulting from this study is that in the opinion of local private and public sector leaders, EDA should be continued. They overwhelmingly believe that it has been an effective job producing Agency which has played a significant role in local economic development since its inception in 1965. However, in the opinion

of private and public sector leaders, a number of topics deserve special attention as the Congress considers legislation to govern the Agency's future activities. These include:

- The cornerstone of future EDA programs should consist of public works and planning assistance. Revolving loan funds (RLF's) should also be included.

- The EDA business loan and guarantee program, which has received substantial funding authority in the past, was not as highly rated as EDA's public works, planning and RLF tools by private and public sector leaders. Its role in the future should, therefore, be examined critically by the Congress as legislative revisions are considered.

- Although technical assistance received high marks for its past performance, it is not viewed as critical for future economic development efforts. This view may be attributable to the fact that much of the technical assistance budget has traditionally been used to support programs whose impacts are more noticeable at the national level. Nonetheless, in formulating legislative revisions, Congress should consider means of increasing the effectiveness of technical assistance, such as improving dissemination of the results of technical assistance efforts and therefore increasing their utility to local leaders involved in development.

- EDA's research program was poorly rated by local private and public sector leaders. Although the program receives only a small amount of funding in comparison to other tools, steps should be taken to make its contributions more valuable to the local level if it is continued. Increased attention should be paid to designing research projects so they are more closely related to other EDA programs and to dissemination of research results to local economic development groups.

- EDA should continue to respond to distress caused by long-term problems as well as difficulties caused or threatened by a single dislocation.

- An effort should be made to simplify, although not necessarily accelerate, EDA application procedures. In this regard, EDA's title IX program could serve as a model for other Agency programs.

- State governments should play an increased role in working with areas within their jurisdictions to determine local needs and priorities.

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Even assuming the success of the Reagan Administration's economic program, it is clear that economic distress will continue to plague millions of Americans in rural and urban areas during the 1980's. Past experience indicates that without guidance and financial assistance, residents of depressed areas cannot reverse economic trends which have often persisted for several decades. As indicated above, this nationwide sample of over 400 private and public sector leaders provides striking evidence of their conviction that the Federal government, through the vehicle of the Economic Development Administration, should continue to assist residents of such areas in their struggle to develop viable economies.

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APPENDIX A

SURVEY INSTRUMENT

Committee on Public Works and Transportation

U.S. House of Representatives
Room 2165, Rayburn House Office Building
Washington, D.C. 20515
Telephone: Area Code 202 225-4472

December 21, 1981

Dear :

The Subcommittee on Economic Development of the Committee on Public Works and Transportation is conducting hearings and other inquiries to determine the appropriateness of extending the authorities and programs of the Economic Development Administration (EDA). As part of this effort, we are conducting a nationwide survey of officials holding leadership positions in economic development committees to solicit their views about the effectiveness of EDA's past and present programs, as well as the need for federal economic development assistance in the future.

Since you are the chief official of an Overall Economic Development Committee and are especially knowledgeable about economic development programs, we are asking you to assist us by providing your assessment of EDA activities. This information, requested in the enclosed questionnaire, will be carefully considered by the Congress and, in conjunction with a series of hearings, will form the basis for future economic development programs.

We would appreciate receiving your response within the next few days, so that your views can be appropriately analyzed and presented to the Congress for its consideration. Let me assure you that the information you provide will be an integral part of our deliberations and is vital to all of us who are concerned with improving the effectiveness of our nation's economic development programs.

Thank you very much for your assistance. I look forward to your reply.

Sincerely,

James L. Oberstar, M.C.
Chairman, Subcommittee on
Economic Development

JLO/cn
Enclosures

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ASSESSMENT OF THE AUTHORITIES AND PROGRAMS OF THE
ECONOMIC DEVELOPMENT ADMINISTRATION

SURVEY OF OVERALL ECONOMIC DEVELOPMENT COMMITTEES

conducted by the
Subcommittee on Economic Development
of the
Committee on Public Works and Transportation
U.S. House of Representatives

The purpose of this questionnaire is to allow broad local input to the legislative process as economic development programs and priorities are considered by the U.S. Congress. In this regard, your answers to specific questions about the effectiveness of a Federal agency, the Economic Development Administration, are sought. In addition, a section of the questionnaire has been structured to allow your candid assessment of selected issues in a narrative format.

Questionnaire Completed By:

Name _____ Title _____

Agency Name _____
(if applicable)

Street Address _____

City _____ State _____ ZIP _____

Telephone ( ) _____

OVERVIEW QUESTIONS

Please characterize your perceptions of EDA by indicating whether the following statements are TRUE or FALSE.

☐ True ☐ False EDA is a "pork barrel" Federal program whose programs generate little or no job impact that would not otherwise occur at the local level.

☐ True ☐ False EDA's programs could be better handled by individual State agencies through block grant programs.

☐ True ☐ False There is a tremendous amount of red tape associated with participating in EDA's programs which State programs would not have.

☐ True ☐ False EDA, through its regional offices and local Economic Development Pepresentatives (EDR's), has played a significant role in local economic development since its inception in 1965.

☐ True ☐ False EDA is an effective job producing agency whose programs continue to be of high priority to rural and urban areas and should be maintained during the 1980's.

PROGRAM ASSESSMENT

Please provide an ASSESSMENT OF THE PROGRAMS AND PRACTICES of the Economic Development Administration by answering the following questions.

Please use the following rating system to judge EDA's effectiveness on an overall basis as well as in specific program categories and special situations.

RATING: A—Extremely effective, highest rating
B—Quite effective, very satisfactory
C—Satisfactory
D—Needs improvement, less than satisfactory
F—Unsatisfactory
NA—Do not have enough knowledge to respond

ACTIVITY OR PRACTICE	RATING
EDA Effectiveness as a Job Creating Program	
EDA Effectiveness in Providing Jobs in Urban Areas	
EDA Effectiveness in Providing Jobs in Rural Areas	
EDA's Public Works Program	
EDA's Business Loan Program	
EDA's Planning Grant Program	
EDA's Technical Assistance Activities	
EDA's Revolving Loan Fund Program	
EDA's Research Program	
The effectiveness of EDA's Local Economic Development Representatives (EDR's) in helping to plan and develop local projects	
EDA's Preapplication Process	
EDA's Application Processing and Complexity of Required Forms	
EDA's effectiveness in dealing with sudden economic dislocations (e.g., defense base closings, plant shutdowns, etc.)	

If you are knowledgeable about specific economic development assistance projects which were funded by EDA in your area, please provide answers to the following questions. If your area has received a number of assistance projects, PLEASE PROVIDE ANSWERS ABOUT ONE PROJECT WHICH YOU THINK IS TYPICAL.

Please describe the impact of the assistance by answering the following:

a. Was the project designed to create and save permanent private sector jobs? ☐ Yes ☐ No

b. If yes, is it your perception that the job impact was:

☐ Negligible; ☐ Less than expected; ☐ As expected and comparable to similar projects funded by other sources; ☐ Greater than expected and more substantial than similar projects funded by other sources.

c. If yes, is it your perception that the jobs:

☐ Paid less than the average wage in your area; ☐ Paid the average wage in your area; ☐ Paid higher than the average wage in your area.

Please describe the experience you had with EDA as the project was developed and processed.

a. Did the EDA staff play a needed role in development of the project? ☐ Yes ☐ No

b. Was the project processed within a reasonable period of time? ☐ Yes ☐ No

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FUTURE NEEDS

Please provide your ASSESSMENT OF EDA's MOST APPROPRIATE FUTURE ROLE by answering the following questions.

Should the following EDA programs be continued in the 1980's? Also, since budget resources are likely to be limited, please indicate what priority each program should have by using the following rating system.

A—Top priority, crucial to my area's needs
B—High priority
C—Medium priority
D—Low priority

Please do not assign an A priority to more than *three* programs.

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Program	*Continuation in 1980's*	*Priority Rating*
Public Works Grants	☐ Yes ☐ No	_____
Revolving Loan Fund Grants	☐ Yes ☐ No	_____
Planning Assistance Grants	☐ Yes ☐ No	_____
Technical Assistance Grants	☐ Yes ☐ No	_____
Research Grants	☐ Yes ☐ No	_____
Business Loans	☐ Yes ☐ No	_____
Loan Guarantees	☐ Yes ☐ No	_____
Other, please specify (e.g., interest subsidies, etc.)		
_____	☐ Yes ☐ No	_____
_____	☐ Yes ☐ No	_____

If you wish, please provide us with narrative comments on policy issues such as:

The types of economic development assistance which are most important for the 1980's.

The method which should be used to determine the areas which are eligible for assistance in the 1980's.

Other economic development issues you feel the Congress should consider as it contemplates the future of Federal economic development activities.

APPENDIX B

SAMPLE OF NARRATIVE COMMENTS OF RESPONDENTS

Although over 400 responses were received to this survey, only a small number of excerpts have been selected for publication in this Appendix. The excerpts are considered to be representative of all those received. However, they should not be construed to mean that individuals who are quoted are supportive of the overall findings and conclusions of this evaluation study.

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SAMPLE OF NARRATIVE COMMENTS

"It is obvious from the 1980 Census results that rural areas will face a growth pattern in the next few years. We simply do not have the local capabilities to deal with these projected problems. In the past, EDA has offered the necessary technical assistance and guidance to meet our developmental goals."

W. E. Clemons
Owner and Operator, Clemons Motor Company
Also Mayor, City of Corsicana and
Chairman, Pecan Valley Economic Development District
Brownwood, Texas

"The ability of the Flint area to maintain and develop the appropriate service infrastructure for new industrial development has been tied quite closely to the availability of federal dollars to supplement private investment. For this area especially, with declining tax base and high unemployment, federal dollars for planning effective economic development and implementing the developed plans are essential....Inorder to aid local communities to develop strong economic bases, the federal government should continue to fund programs which provide for economic development planning and implementation, while at the same time streamlining the process to be more helpful to business."

Lawrence Ford
Executive Director, Flint Area Chamber of Commerce and
Chairman, Genesee County Economic Development Commission OEDP Committee
Flint, Michigan

"We have always found EDA personnel to be non-bureaucratic, and red tape has been kept to a minimum in the administration of the grant programs. I very much endorse extending the authorities and programs of EDA. EDA programs can be a very effective antidote to the recessionary times in which we find ourselves."

Jake H. Godbold
Mayor
Jacksonville, Florida

"The New Haven area, like many older urban areas, is faced with problems of major industrial dislocation, high unemployment, obsolete production facilities, decaying public infrastructure and severely limited financial resources with which to strengthen its economic foundations or to treat the resultant effects. The EDA has been responsive to these needs and has provided the basic planning and financing resources necessary to leverage private investment and other funding sources for economic development."

Paul Goodwin
President, Eastern Steel and Metal Company and
Chairman, Overall Economic Development Committee
City of New Haven, Connecticut

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"The application of the principles of overall economic development planning has been of immense value to the Tribe in the efficient matching of its natural, human, and financial resources with its established economic and social goals. The concurrent development and modification of strategies for achieving established objectives has produced remarkable progress during the decade of the seventies....The continuation of the kind of professional and financial assistance provided by EDA was never more crucial than now."

Lynn Cody
Vice Chairman
White Mountain Apache Tribe
Whiteriver, Arizona

"The current Administration has said that economic development is a function of the private sector and too expensive in the face of the need for balancing the budget. However, the private sector will not do business in a community which lacks the essential infrastructure to support location and expansion decisions. All the tax incentives in the world are not enough to encourage job creation in areas which lack basic infrastructure....As for the argument that the costs are too high, COEUD has estimated that for the thirteen years of EDA investments in the COEUD area of $11,442,247 (Drought, LPW, Technical Assistance, Planning) 6,804 direct jobs were created for a job cost of $1,682 per job. It is conservatively estimated that the public works money has generated $101,476,000 of private investment. It is also estimated that the Federal Government receives $7,902,192 annually from the 6,804 jobs that were created. Thus the EDA Program becomes a critical element in the battle to balance the budget as opposed to the Administration's position that it is a drain on the federal budget."

Bob Hudspeth
Vice President and Co-owner
Farrar and Hudspeth, Consulting Engineers and
Chairman, Central Oklahoma Economic Development District OEDP Committee
Shawnee, Oklahoma

"The need for a comprehensive Federal program of assistance for distressed areas (as measured by unemployment and poverty rates) urban and rural is greater than ever. Such programs must include matching funds for construction and reconstruction of infrastructure to serve older industrial and commercial districts and new developments, loans and loan guarantees as incentives to locate in distressed areas, planning and technical assistance funds and manpower training assistance. The EDA public works program has provided much needed funding to build and rebuild streets, utilities, etc. that serve existing and new industry in our older cities. The UDAG program complements EDA public works but is not a substitute for it since UDAG is related to specific private investment opportunities rather than longer range public investment in industrial and commercial areas. Targeted tax and financing incentives are also needed to give distressed areas a chance to compete. There should be more geographic targeting of assistance."

Bernard L. Berkowitz
President, Baltimore Economic Development Corporation
Baltimore, Maryland

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"We point out with pride the many successes we have had over the years with ARA and EDA....I have followed your very difficult fight with the administration .... and want to compliment you [Congressman Oberstar] on the fine job you are doing for Rural America...Our feeling in the Mohawk Valley is that in order to overcome many of the problems the administration claims about EDA several changes are in order. The entire United States should be eligible for EDA programs. However, they would only be eligible at the time that their unemployment rate reaches a figure which is determined by Congress. At that point, the area should be eligible for all EDA programs."

David J. Cunningham
Business Agent (Ret.), Operating Engineers Union and
President, Mohawk Valley Economic Development District
Mohawk, New York

"The projects assisted by the Economic Development Administration have returned a tremendous amount of new revenues for the federal government to either reapply to additional job creating projects or to spend on its defense or other programs. To my knowledge, there are no other programs offered by the federal government where financial assistance in the form of either categorical grants or business development loans are repaid over and over again in the form of local, state and federal taxes. The third area which I would like to mention is that of the efficiency and organization of EDA where, through a miniscule federal agency which generally no one other than those trying to provide for economic development and growth in an area have ever heard of has provided and continues to provide the public works investment for sound economies, especially in rural areas which have traditionally in the last few decades been ignored."

Vesse Kim Hoover
Independent Oil and Land Ventures Developer and
Chairman, Northwest Regional Clearinghouse Review Board
Shreveport, Louisiana

"In the rural areas of the Country, EDA, through its public works grants and planning assistance, has afforded local unit levels of government the opportunity to develop a well organized and consistent economic development program designed to create jobs for their respective population segments and, in many cases, establish a local economic foundation for maintaining self sufficiency of required public services. The basic intent of EDA's law and enactment program establishes the partnership between the public sector in providing front-end assistance to accommodate basic community support facilities required by industrial plant operations and the private sector via responsive capital investment and job development opportunities. In my opinion this is precisely what the [Reagan] administration has been professing in its economic recovery policy....The basic intent of EDA should be evaluated and its effectiveness strengthened; the responsiveness and capacity of its existing delivery system should be preserved to insure that the network among local, regional, State and Federal sectors remains active, well equipped and effective in dealing with the issues which face us."

Harlon Crank
Corporate Officer (Ret.), Forman Cement Co. and
Chairman, Southwest Arkansas Planning and Development District
Magnolia, Arkansas

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"In cases where employment and tax impacts are effective in reducing economic distress we believe that EDA-type programs can actually reduce demand for government expenditures, especially unemployment and welfare benefits of the entitlement nature."

Paul A. Lenz
Mayor of Alton, Illinois and
President, Southwest Illinois Metropolitan and
Regional Planning Commission
Collinsville, Illinois

"Since EDA's budget has been cut so substantially, I feel it is very important to limit the scope of EDA's activities only to those places where there is long-standing economic deterioration, notably in our large cities, or where there is a severe economic disruption. We can no longer afford to dilute this needed assistance by spreading benefits evenly over the national landscape. This is why I oppose the State Block Grant approach. EDA programs should be retained, but targeted much more to communities experiencing real economic distress."

Richard S. Caliguiri
Mayor
Pittsburgh, Pennsylvania

"EDA has played a major role in developing the Passamaquoddy Reservation here on Indian Township. They have provided very good technical assistance and other resources, such as the planning grant, so that we could develop our natural resources in our community. We would appreciate if Congress would appropriate EDA to its original funding. This is one of the best agencies that the community has dealt with."

Harold J. Lewey, Governor
Passamaquoddy Tribe
Princeton, Maine

"One of the few federal programs that has been very successful in this part of the State in assisting local communities in improving their economic development potentials has been the Economic Development Administration. When new industries have been attracted to the Southern Ohio area, almost always the attraction of these major employers has been a direct result of EDA investments."

Clark S. Alexander
Mayor, City of Chillicothe and
Chairman, Ohio Valley Regional Development Commission
Portsmouth, Ohio

"The business loan program by EDA has been useful. I know of two or three businesses that could not have survived without EDA taking third position security and providing direct loan funds. . . In light of the $100 billion plus budget deficit, it would appear wise to eliminate EDA and leave its functions to FmHA in the rural areas, HUD in the metropolitan areas, and Bureau of Indian Affairs on reservations."

Arthur A. Shew
Executive Vice President
Klamath County Economic Development Association
Klamath Falls, Oregon

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